

## **Eligible Labor Surplus Areas**

### **Procedures for Classifying Labor Surplus Areas**

Labor surplus areas are classified on the basis of civil jurisdictions rather than on a metropolitan area or labor market area basis. Under the basic labor surplus area program procedures, area classifications are made on the basis of civil jurisdictions. Under the program's exceptional circumstance procedures, labor surplus area classifications can be made on the basis of civil jurisdictions, Metropolitan Statistical Areas or Primary Metropolitan Statistical Areas.

Civil jurisdictions are defined as all cities with a population of at least 25,000 and all counties. Townships of 25,000 or more population are also considered as civil jurisdictions in 4 states (Michigan, New Jersey, New York, and Pennsylvania). In Connecticut, Massachusetts, Puerto Rico, and Rhode Island, where counties have very limited or no government functions, the classifications are done for individual towns.

A civil jurisdiction is classified as a labor surplus area when its average unemployment rate was at least 20 percent above the average unemployment rate for all states (including the District of Columbia and Puerto Rico) during the previous 2 calendar years. During periods of high national unemployment, the 20 percent ratio is disregarded and an area is classified as a labor surplus area if its unemployment rate during the previous 2 calendar years was 10 percent or more. This 10 percent ceiling concept comes into operation whenever, the 2-year average unemployment rate for all states was 8.3 percent or above (i.e., 8.3 percent times the 1.20 ratio equals 10.0 percent). Similarly, a "floor" concept of 6.0 percent is used during periods of low national unemployment in order for an area to qualify as a labor surplus area. The 6 percent "floor" comes into effect whenever the average unemployment rate for all states during the 2-year reference period was 5.0 percent or less.

The classification procedures also provide for the designation of labor surplus areas under exceptional circumstance criteria. These procedures permit the regular classification criteria to be waived when an area experiences a significant increase in unemployment which is not temporary or seasonal and which was not adequately reflected in the data for the 2-year reference period. In order for an area to be classified as a labor surplus area under the exceptional circumstance criteria, the State Workforce Agency must submit a petition requesting such classification to the Department of Labor's

Employment and Training Administration. The current conditions for exceptional circumstance classification are: an area unemployment rate of at least 6.0 percent for each of the 3 most recent months; projected unemployment rate of at least 6.0 percent for each of the next 12 months; and documented information that the exceptional circumstance event has already occurred. The State Workforce Agency may file petitions on behalf of civil jurisdictions, as well as Metropolitan Statistical Areas or Primary Metropolitan Statistical Areas, as defined by the Office of Management and Budget. The addresses of State Workforce Agencies are available at the end of this description.

The Department of Labor issues the labor surplus area listing on a fiscal year basis. The listing becomes effective each October 1 and remains in effect through the following September 30. During the course of the fiscal year, the annual listing is updated on the basis of exceptional circumstances petitions submitted by State Workforce Agencies and approved by the Employment and Training Administration. The reference period used in preparing the current list was January 1999 through December 2000. The national average unemployment rate during this period (including data for Puerto Rico) fell below 5.0 percent. As a result, the 6.0 percent "floor" rate explained in paragraph number three, went into effect for the Fiscal Year 2002 labor surplus area classifications. Areas are therefore included on the current annual labor surplus area listing because their average unemployment rate during the reference period was 6.0 percent or above.

### **Labor Surplus Area List**

The Fiscal Year 2002 labor surplus area list, which follows, contains 1,091 areas in 49 States, the District of Columbia, and Puerto Rico. The list only includes those states and jurisdictions with designated labor surplus areas. All of the qualifying areas in the Nation are listed in alphabetical order by State or State equivalent.

The Fiscal Year 2002 classifications will be in effect through September 30, 2002. The FY 2002 list also includes Whiteside County, Illinois, an area that was certified under the exceptional circumstances criteria.

